

Message Text

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ACTION AF-06

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 AGR-05 DODE-00 PM-04 H-02 L-03 PA-01

PRS-01 /100 W

----- 106920

R 120935Z MAR 76

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 1294

INFO AMEMBASSY CAIRO

AMEMBASSY JIDDA

LIMITED OFFICIAL USE KHARTOUM 0708

PASS COMMERCE, EXIM, OPIC

E.O. 11652: N/A

TAGS: EAID, EFIN, SU, SA

SUBJECT: SAUDI AID TO SUDAN

REF: KHARTOUM 0587

1. NUMBER OF SOURCES REPORT THAT \$150 MILLION CASH
LOAN FROM SAUDI ARABIA IS NOW FORMALIZED AND MONEY WAS
RECEIVED BY SUDANESE CENTRAL BANK MARCH 8. LOAN CARRIES TEN-YEAR
TERM WITH FIVE-YEAR GRACE PERIOD FOR
PRINCIPAL PAYMENTS AND 5 PERCENT INTEREST. PROJECT
LOAN PICTURE IS LESS CLEAR, BUT IT IS WIDELY REPORTED
THAT SAUDIS HAVE COMMITTED \$100 MILLION FOR PROJECTS
ALREADY WELL INVESTIGATED (E.G., KENANA SUGAR), WHILE
AN ADDITIONAL \$100 TO \$300 MILLION FOR PROJECTS NOT
YET FULLY STUDIED IS STILL UNDER NEGOTIATION.

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2. COMMENT: MAJOR CASH LOAN FROM SAUDI ARABIA IS
EVENT SUDAN HAS BEEN AWAITING FOR LONG TIME. WHILE
MONEY WAS ALWAYS BELIEVED AVAILABLE FOR GOOD PROJECTS,
SUDAN'S FOREIGN EXCHANGE DIFFICULTIES INVOLVED
MAINLY ROUTINE TRANSACTIONS (OPENING OF L/C'S,
SERVICING DEBT, ETC.) WHICH COULD BE FACILITATED
ONLY THROUGH CASH AID. IMPORTANCE OF SAUDI ASSISTANCE
IS FAR MORE THAN JUST CONVENIENT SOLUTION TO CURRENT
SUDANESE DIFFICULTIES, HOWEVER. IT SUGGESTS LONG-
TERM SAUDI WILLINGNESS TO ASSIST NIMEIRI GOVERNMENT
AND ITS MIDDLE-OF-ROAD POLITICAL/ECONOMIC POLICIES.
IN THIS CONNECTION, SAUDI AMBASSADOR BELIEVES SAG
FULLY PREPARED PICK UP INTEREST PAYMENTS ON 1974
\$200 MILLION LINE OF CREDIT. WE DOUBT THAT SUDAN'S
FINANCIAL NEEDS, THUS NOW FINALLY RECOGNIZED, WILL
BE IGNORED AGAIN BY SAUDIS SO LONG AS LATTER REMAIN
FLUSH WITH FOREIGN EXCHANGE AND GOS POLICIES,
INCLUDING THOSE ON USE OF MONEY, ARE SATISFACTORY
TO SAG. REASONABLY ASSURED SOURCE OF FUNDS COULD
HAVE SIGNIFICANT STABILIZING AND
LIBERALIZING EFFECT ON SUDANESE ECONOMY WHILE FURTHER
MODERATING GOS IDEOLOGY AND POLICIES. FROM U.S.
STANDPOINT, SAUDI ASSISTANCE DEMONSTRATES THAT ARABS
WILL NOT LEAVE SUDAN IN LURCH AND SUGGESTS THERE MAY
NOW BE INCREASING OPPORTUNITIES FOR US EXPORT CREDITS WHICH
WILL CAPTURE NEW MARKETS, PROMOTE SUDANESE EXPORT
INDUSTRIES AND ENTICE ARAB COMMERCIAL MONEY INTO
SUPPORTING U.S. EXPORTS. BREWER

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